

Regulations That Can Increase Affordability Of Medications Announced

New regulations increase oversight of Pharmacy Benefit Managers

Excessive pharmaceutical costs are a concerning trend occurring across the nation, and today the Delaware Department of Insurance has finalized new regulations for Pharmacy Benefit Managers (PBMs) to proactively combat the issue. The regulations go into effect on August 11 as part of implementing [HB 194](#), and come after extensive stakeholder discussions.

PBMs administer prescription drug plans for health insurers, large employers, Medicare Part D plans, and other groups, determining the list of medications that a plan will cover and the consumer costs of those drugs. These companies hold massive negotiating power and receive billions of dollars in rebates from manufacturers, but to date have widely not used their power to reduce the costs of medications and insurance. The new regulations from the Department of Insurance will begin an increasing level of oversight and transparency, allowing the department to investigate companies, require corrective actions, and to suspend, deny, or revoke a PBM's registration if they are acting in violation of the Code.

"Increasing the affordability of prescriptions and healthcare increases their accessibility, creating a healthier Delaware. These steps towards regulating this multi-billion-dollar industry will save residents money, and could save residents lives," said **Insurance Commissioner Trinidad Navarro**. "I want to commend Pharmacy Reimbursement Task Force co-chairs Sen. Sokola and Rep. Bennett, as well as Chair of the former

Interagency Pharmaceuticals Purchasing Study Group Rep. Seigfried, for their passion and hard work towards these regulations and their inclusion of a diverse array of stakeholders throughout the process. Our work on this issue is just beginning, and we are grateful for your partnership.”

The [Pharmacy Reimbursement Task Force](#) and the former [Interagency Pharmaceuticals Purchasing Study Group](#) each demonstrated the General Assembly’s focus on lowering the cost of care, working on a range of issues surrounding protecting Delawareans from excessive medication costs, negotiating and lowering drug prices, and creating price transparency and corporate accountability.

“One of the most important things we can do as elected officials is work to keep prescription drugs affordable and accessible, particularly for our most vulnerable residents,” said **Sen. David Sokola, D-Newark**. “I’m proud of our work on the Pharmacy Reimbursement Task Force and proud to have helped develop regulations that will increase transparency around a little-known sector of our health care industry. These regulations from Commissioner Navarro and his team at the Department of Insurance represent a solid beginning to the work I look forward to continuing in 2021.”

The department and the General Assembly plan to work together to advance legislation regarding PBMs in the future. A related bill was proposed during this year’s session, but it did not advance due to the compressed legislative timeline during COVID-19.

“High prescription drug costs can debilitate a person’s finances, hindering how they save and plan for daily and long-term expenses. We owe it to consumers to fight for their best interests, increasing access and affordability to needed medications,” said **Rep. Andria Bennett**, who sponsored HB 194 to regulate PBMs. “Pharmacy benefit managers should put the consumer first, not profit. That’s why we fought to increase

transparency and oversight: so Delawareans are not taken advantage of in such a vulnerable way. Commissioner Navarro's regulation will provide even more transparency and comfort to our residents, and I thank him for his commitment to them."

"Pharmacy Benefit Managers are companies that have, through the years, gained significant control over the supply, demand, and cost of pharmaceuticals – around 80% of the market – with little to no regulation at all. They are, in essence, governing both the cost and flow of medicines between people in need of medication and the manufacturer, health insurance company, community pharmacies, and the company providing medication benefits. This has led to higher costs for residents who don't really have a choice in whether to pay for lifesaving medication," said **Rep. Ray Seigfried**, a former Christiana Care senior vice president.

"My colleagues and I pushed HB 194 to require registration of all PBMs doing business in Delaware as a first step to reining in these managers. Commissioner Navarro's regulations create standards such as having access to books and records of their operation, contract templates, and staffing. It provides the right to denial, suspension, or revocation. This order will provide the first step to begin opening the door to greater transparency. I thank Commissioner Navarro and his team for taking these important steps forward."

[Registration of Pharmacy Benefits Managers Regulation](#)